



August 17, 2007

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: **AUGUST 21, 2007 BOARD AGENDA ITEM:
AMENDMENT NO. 2 TO FORTINO CASTANEDA,
M.D., INC. AGREEMENT**

This is to provide additional information related to the action scheduled for your Board's consideration on August 21, 2007 requesting approval of Amendment No. 2 to Agreement No. H-701705 with Fortino Castaneda, M.D., Inc. (Fortino) to continue the provision of radiology and teleradiology services for the Martin Luther King, Jr.-Harbor facility (MLK-Harbor), and to expand access to these contract services to High Desert Health System (HDHS), Harbor-UCLA Medical Center (Harbor), Olive View-UCLA Medical Center (OV/UCLA), and other County facilities, as necessary.

The radiology services provided under the Fortino contract are available on a 24 hour/7days per week basis and include as-needed on-site coverage necessary to address critical staff shortages, peak workload, and emergencies by providing additional radiology staff and services for Department of Health Services' (DHS) facilities. The recruitment and retention of qualified physician radiologists remains problematic for the Department. Providing the facilities with access to the services immediately available under the Fortino contract will assist in ensuring that their critical radiology needs are met.

Because of continuing shortages, the facilities have urgently requested alternatives to supplement existing contracts. Expansion of access to these services to the other facilities will provide both on-site and teleradiology services to the facilities in all geographical areas.

There are three other radiology service providers: USC Radiology Associates, Inc. which provides radiology services exclusively for LAC+USC Medical Center; Rad-Image Medical Group, Inc. which provides radiology services for HDHS, Harbor, OV/UCLA, and MLK-Harbor; and Antelope Valley Hospital District which provides services for HDHS, as well as individually contracted hourly physician radiologists.

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The closure of the emergency room and inpatient services at MLK-Harbor is expected to result in a reduction in the amount of expenditures for MLK-Harbor for this service; however, critical radiology services will continue to be provided at the outpatient clinics and the Urgent Care Center.

The Board Letter, which was filed prior to the CMS finding, reflects a maximum funding amount which included services to the emergency room and inpatient services. Clearly the actual costs for MLK-H will be significantly lower. However, since the actual funding amount needed to support radiology services at MLK-H is not yet known, and because this is a fee-for-service contract where the contractor is only paid for services actually provided, the Board Letter was not revised.

All radiological studies are ordered by the facility physician. The rates of reimbursement are set by procedure on a fee per-study basis and the actual expenditures will vary depending on patient volume.

To address the need for a long term contract solution, the Department intends to prepare and release an open competitive solicitation. The resulting list of qualified radiology groups will be utilized to ensure that as-needed staffing is available to adequately cover the service needs for DHS facilities.

If you have any questions or need further information, please let me know.

BAC:co

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors